

3. ECONOMICS

The economic vitality of Culpeper County is contingent upon a variety of factors, including its residents, their skills, education and occupations, the businesses that are attracted to Culpeper, transportation routes and the national economic trends that impact local economic viability. Historically, businesses and employers have located in the Town of Culpeper where the labor force and services are concentrated. Improved roads such as the Route 29 Bypass, Route 3 and 211, the increased population trends to the north and west of Town and the creation of industrial parks and expansion of the Culpeper Airport have altered that trend and effectively de-centralized the workforce. The outward expansion of Northern Virginia, and the growth of Charlottesville and Fredericksburg, facilitated by improved roadways, has greatly contributed to the demand for housing, services and public facilities.

LABOR FORCE

Traditionally, businesses looked for areas with high unemployment rates as potential locations, because those areas could support a reasonably priced labor force. This was especially true prior to the emergence of new technologies when most entry-level jobs required limited skills. Today, Companies that require limited skills for entry-level positions are finding abundant low cost labor in other less affluent areas. Other companies attempt to identify populations of underemployed workers that possess the necessary skills to enter their workplace. With national unemployment rates consistently at or below 5% and state and regional rates dipping to 2-3%, demand for labor is now one of the major challenges facing corporate America.

For Culpeper County, like many other surrounding counties that are experiencing accelerated population growth, a large portion of the workforce is commuting out of the county to work. The 2003 Rappahannock-Rapidan Regional Labor Force Survey (September 2003) indicated that 48.3% of the Culpeper workforce works in a different county. Of those commuters, only 15.3% work in one of the four counties that are adjacent to Culpeper – Fauquier, Orange, Rappahannock and Madison. The balance of the County's commuting workforce (33%), travels primarily to Northern Virginia or the Washington DC metropolitan area. Moreover, there appears to be a direct relationship between recent population growth and the number of commuters. Finally, commuters are more likely to work in jobs that offer higher salary levels than non-commuters. The Labor Force Survey indicated that 26.4% of commuters are employed in management, business/financial, computer / mathematical, architecture / engineering or life, physical and social sciences occupations, while 12.9% of non-commuters are employed in similar occupations. The median income for commuters is \$47,400 and the median income for non-commuters is \$27,200 according to the Survey.

The talented and skilled commuters of Culpeper represent an important segment of the potential local labor force. These commuters would likely consider similar professions with similar wages if available in Culpeper. It is also possible that because of the cost and time of commuting, Culpeper commuters would accept similar jobs with slightly less wages – with no real impact on their net income. If the cost of transportation remains high or possibly

increases, the offset of costs for local employment would increase making jobs in Culpeper more desirable. To a potential employer investigating Culpeper as a location, the commuters represent an available and valuable source of skilled employees.

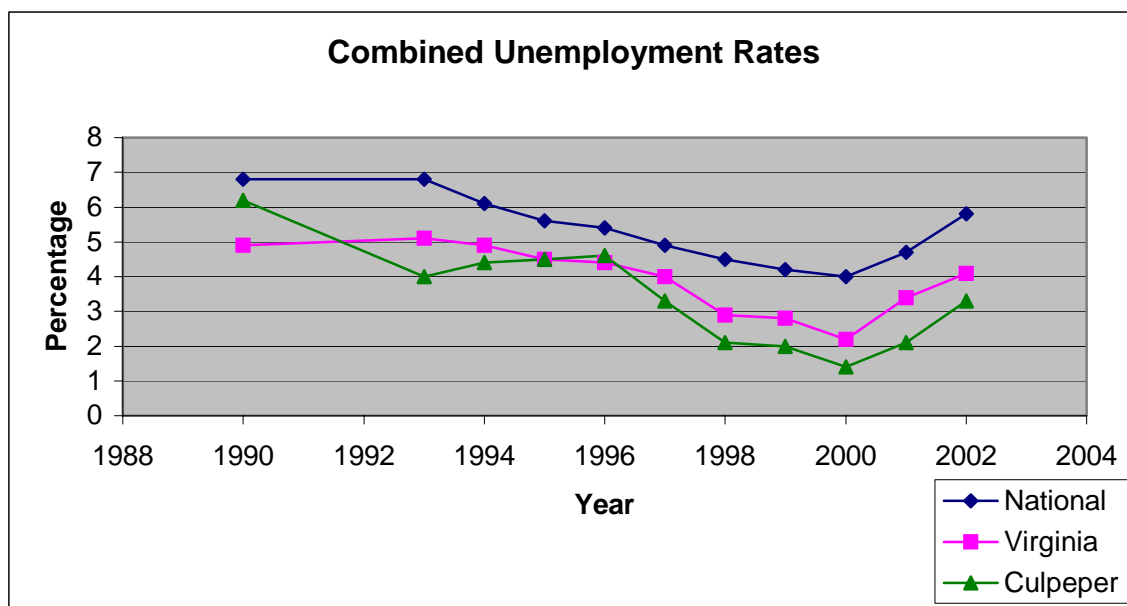
The U. S. Census categorizes all those 16 years of age and over as being eligible to participate in the work force. The availability or capacity of the community's labor force for employment is its participation rate. Due to infirmity, retirement, pursuit of education, lack of jobs, deferral for care of children and elderly parents and other circumstances, there is never a 100 percent participation rate.

The labor force in Culpeper County consists of those employed, those temporarily laid off from a job and those actively seeking employment. In 2000 there were 16,620 Culpeper County residents in the labor force, a 15.1 % increase from 14,118 in 1990. Unemployment for the County in 2000 was 1.4% or 236 persons. During 2002 Virginia had a 2.2 unemployment rate and the national unemployment rate was 4%. Historically, Culpeper County has faired better than either the National or Virginia average for the unemployment rate as indicated by the chart and graph shown below.

Table 3.1
Unemployment Rate 1990 ~ 2002

| | 1990 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
|-----------------|------|------|------|------|------|------|------|------|------|------|------|
| National | 6.8 | 6.8 | 6.1 | 5.6 | 5.4 | 4.9 | 4.5 | 4.2 | 4 | 4.7 | 5.8 |
| Virginia | 4.9 | 5.1 | 4.9 | 4.5 | 4.4 | 4 | 2.9 | 2.8 | 2.2 | 3.4 | 4.1 |
| Culpeper | 6.2 | 4 | 4.4 | 4.5 | 4.6 | 3.3 | 2.1 | 2 | 1.4 | 2.1 | 3.3 |

Employment, as a whole, rose from 1990 to 2000 Nationally and in Virginia by 14.3%, and 14.1%, respectively, and in Culpeper County by 17.5%



As the population of Virginia increased from 6,187,385 in 1990 to 7,078,515 in 2000, a 14% increase in population, the participants in the civilian labor force remained at 51% of the total

population for both census years. As the population of Culpeper County increased from 27,791 in 1990 to 34,262 in 2000, a 19% increase in population, the participants in the civilian labor force dropped from 51% of the total population in 1990 to 49% in 2000.

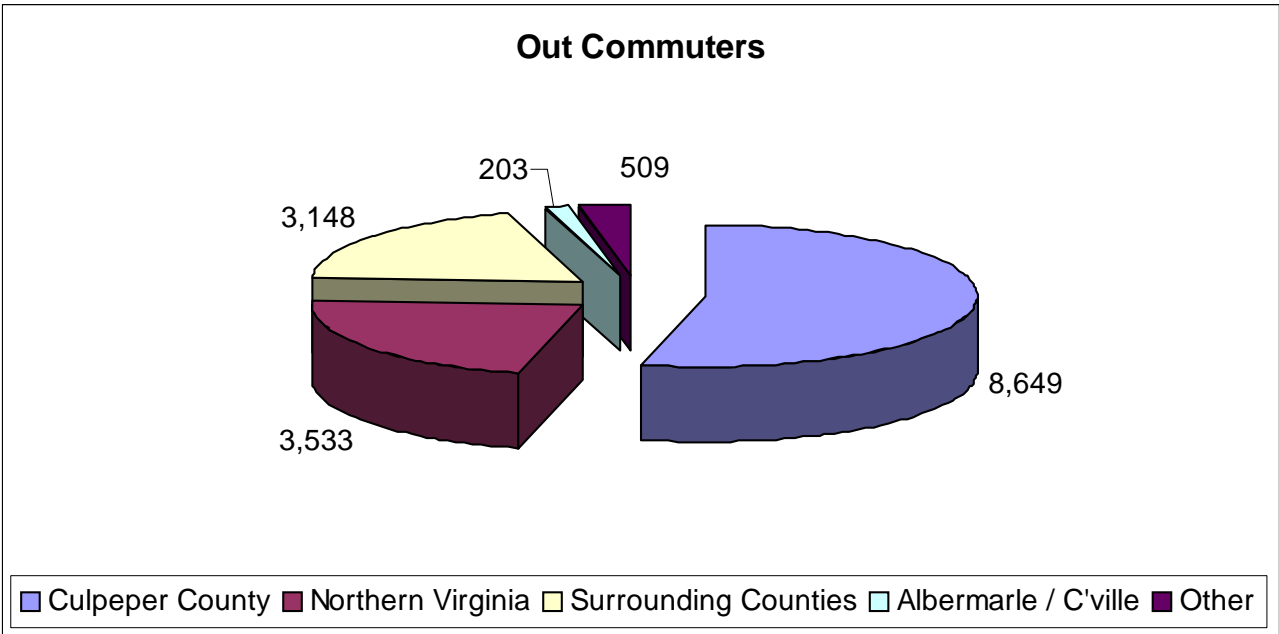
The 2000 Census indicates that persons 16 years and over constitute 63.9% of the population at the National level. In Virginia this rate was 66.8% and in Culpeper County it was 63.4%. This group, age 16 and older, are those considered eligible to work. Of the 16,042 persons participating in the labor force in Culpeper County, the participation rate of those eligible was 63.4%. Of the total number of the County's labor force 45% were women.

COMMUTING

The degree to which people travel to and from the County for work forms another component of the labor force: in-commuting and out-commuting. The Census shows that in 1980, 31.0 percent of Culpeper's population regularly left the County for employment in other communities, particularly Northern Virginia. In 1990, the percent of out-commuting increased to 36.4 percent. The 1980 census data indicated that 15.3% of the County's workforce commutes into Culpeper County from surrounding communities. Table 3.2 details the historical trend from 1960 to 2010. The trend shows an apparent increase in both in-commuting and out-commuting.

The residents of Culpeper County that work within the County numbered 8,649 of the 2000 Census Labor Force of 16,042 or approximately 53.9% of the total labor force. The commuters to the surrounding counties of Fauquier, Madison, Orange, Spotsylvania, Stafford and the City of Fredericksburg, and commuters to Northern Virginia, Albemarle County and Charlottesville comprise 42.91% of the labor force. The remaining 509 residents of the County commute to more distant destinations.

The charts and graphs shown below represent the commuters leaving Culpeper to work and their destination and those who come to Culpeper from other jurisdictions to work.



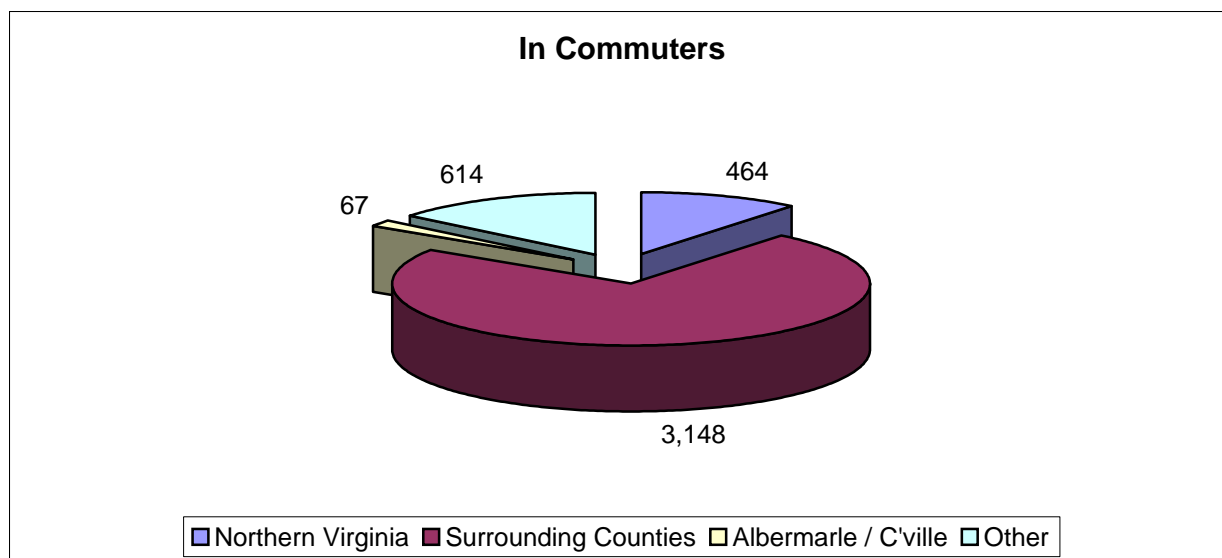
The graph above shows what numbers of residents work within the County and those leaving to work destinations.

Out Commuters from Culpeper County ~ Destinations

| | | | | | |
|-------------------------|-------|--------|------------------------|-----|-------|
| Culpeper Co | 8,649 | 53.91% | Stafford Co | 203 | 1.27% |
| Fauquier Co | 2,054 | 12.80% | Loudoun Co | 200 | 1.25% |
| Fairfax Co | 1,560 | 9.72% | Arlington Co | 149 | 0.93% |
| Prince William Co | 611 | 3.81% | Alexandria (city) | 124 | 0.77% |
| Manassas | 368 | 2.29% | Albemarle Co | 123 | 0.77% |
| Fairfax (city) | 261 | 1.63% | Fredericksburg | 118 | 0.74% |
| District of Columbia DC | 260 | 1.62% | Rappahannock Co | 81 | 0.50% |
| Orange Co | 260 | 1.62% | Charlottesville | 80 | 0.50% |
| Spotsylvania Co | 226 | 1.41% | All Other Destinations | 509 | 3.17% |
| Madison Co | 206 | 1.28% | | | |

In the table shown above the sample used by the Census Bureau was 16,042 as the total Culpeper work force. Of that number 8,649 or 53.91% of all commuters remained in Culpeper County. 22.02% or 3,533 commuted to Northern Virginia. Surrounding counties claimed 19.62% or 3,143 commuters with the Charlottesville / Albemarle area receiving 1.27% or 203 Culpeper commuters. The remaining 3.17% or 509 commuter destinations ranged in small increments throughout the Commonwealth to Maryland and farther destinations.

It should be noted that one of the goals of the future should be to slow out-commuting from the County. Out-commuting is a function of today's world, but creative and visionary studies may be able to both retain and attract workers to Culpeper County.



In contrast, commuters to Culpeper County numbered 4,547. Commuters from northern Virginia numbered 464 or 10.2% of the individuals coming to Culpeper County. The surrounding counties supplied 3,148 or 69.23%. Albemarle / Charlottesville accounted for only 1.47% or 67 in-commuters. The remaining 614 or 13.5% were in such small increment that they were counted as a complete sub-set of in-commuters.

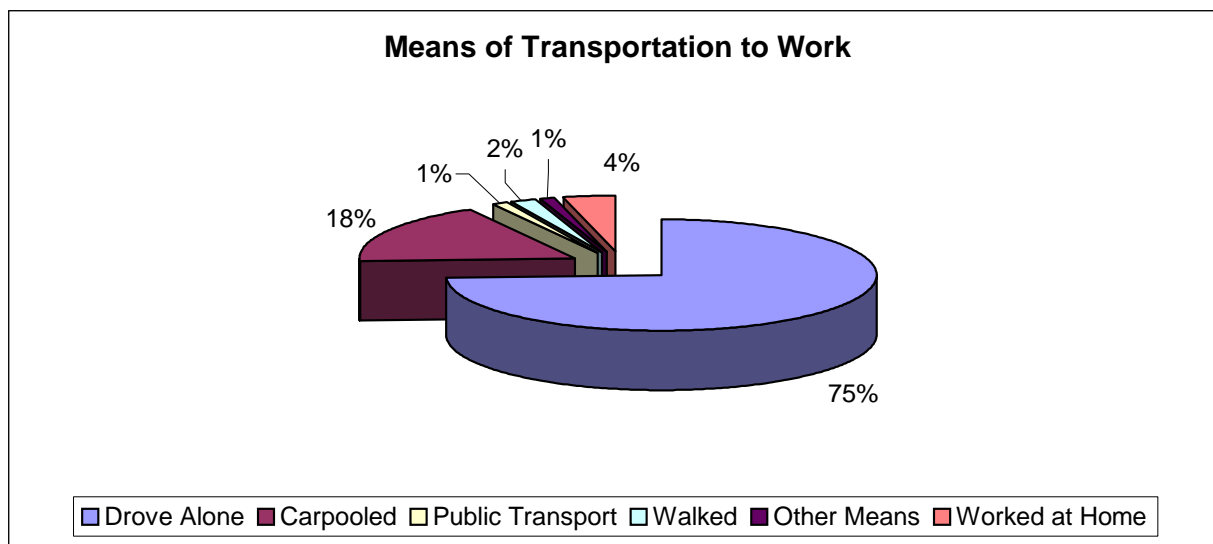
As taken from the chart below, Madison County ranked first in the number and percentage of workers to Culpeper with 1,195 individuals at 26.28%. Orange County was second with 826 commuters at 19.09% and Fauquier third with 558 at 12.27%, respectively.

In Commuters ~ Points Of Origin

| | | | | | |
|----------------------|-----|--------|------------------------|---------------------------|--------|
| Culpeper Co. | ** | ** | Madison Co. | 1,195 | 26.28% |
| Fauquier Co. | 558 | 12.27% | Stafford Co. | 194 | 4.27% |
| Fairfax Co. | 98 | 2.16% | Loudoun Co. | 44 | 0.97% |
| Prince William Co. | 134 | 2.95% | Arlington Co. | 26 | 0.57% |
| Manassas | 42 | 0.92% | Alexandria | 0 | 0.00% |
| Fairfax (city) | 98 | 2.16% | Albemarle Co. | 67 | 1.47% |
| District of Columbia | 22 | 0.48% | Fredericksburg | 37 | 0.81% |
| Orange Co. | 868 | 19.09% | Rappahannock Co. | 230 | 5.06% |
| Spotsylvania Co. | 320 | 7.04% | Other Points of Origin | 614 | 13.50% |
| | | | 4,547 | Total In-Commuters | |

MEANS OF TRANSPORTATION

The means of transportation for the work force traveling to and from Culpeper County plays into the economic vitality of the County. The highest mode of transportation remains the single occupancy automobile. In 2000, there were 12,003 members of the work force who drove to and from work; 2,833 individuals utilized public transportation; 365 persons walked to work; and 139 persons used other means. There was an increase from 391 persons in 1990 to 573 persons in 2000, an increase of 46.5%, of persons who worked at home. The mean travel time to work was 37.9 minutes.



OCCUPATIONS & EMPLOYMENT

The type of occupation held by the residents of Culpeper County has continued its shift from primarily blue collar to white collar between 1980 and 2000. In 1980, 55.5% of the residents of Culpeper County had white-collar employment such as positions in management, professional specialties, technical areas, sales, administrative support and service occupations. In 2000, the percentage of Culpeper County residents employed in white-collar positions increased to 69.0%. The percentage of residents employed in farm related occupations declined from 8.5% in 1970 to 6.0 percent in 1990 to 1.4% in 2000. In 1980, the remaining 36.7% of employed residents, held positions in occupations such as precision production, operators, craft, repairs, fabricators and laborers. By 2000, the percentage of residents employed in these same occupations decreased to 29.7% (see Table 3.3). This trend is expected to continue into the future.

The type of employment held by the residents of Culpeper County has remained fairly constant over the past decade. Private wage and salary workers, as a percentage of all jobs held by the residents of Culpeper County, decreased slightly from 73.3% of the work force in 1990 to 72.6% of the work force in 2000. During the same time period, the number of self-employed persons or proprietors rose from 1,074 persons to 1,474 persons. As a percent of all jobs held by the residents of Culpeper County, however, the percentage of self-employed persons increased to 9.1%.

TABLE 3.2
RESIDENTS' OCCUPATIONS OF CULPEPER COUNTY

| | %OF LABOR ⁽¹⁾ | | %OF LABOR ⁽²⁾ | | %OF LABOR ⁽³⁾ | |
|--|--------------------------|---------------------|--------------------------|---------------------|--------------------------|---------------------|
| <u>TOTAL LABOR FORCE</u> | <u>1980</u> | <u>FORCE</u> | <u>1990</u> | <u>FORCE</u> | <u>2000</u> | <u>FORCE</u> |
| MANAGERIAL, PROFESSIONAL, & SPECIALTY OCCUP: | 1,717 | 16.8 | 2,805 | 20.7 | 4,519 | 27.8% |
| TECHNICAL, SALES & ADMIN SUPPORT: | 2,633 | 25.7 | 4,053 | 30.0 | 2,799 | 17.2% |
| SERVICE OCCUPATIONS: | 1,328 | 13.0 | 1,497 | 11.1 | 3,909 | 24.0% |
| FARMING, FORESTRY: | 803 | 7.8 | 811 | 6.0 | 222 | 1.4% |
| PRECISION PRODUCTION, CRAFT & REPAIR ⁽⁴⁾: | 1,525 | 14.9 | 2,095 | 15.5 | 2,501 | 15.4% |
| OPERATORS, FABRICATORS, & LABORERS ⁽⁵⁾: | 2,230 | 21.8 | 2,263 | 16.7 | 2,335 | 14.3% |
| <i>TOTAL</i> | <i>10,236</i> | <i>100.0</i> | <i>13,524</i> | <i>100.0</i> | <i>16,285</i> | <i>100.0</i> |
| <small>(1) OCCUPATIONS IN VIRGINIA, 1980 CENSUS, TAYLOE MURPHY INSTITUTE FOR VIRGINIA OCCUPATIONAL INFORMATION COORDINATING COMMITTEE, VIRGINIA EMPLOYMENT COMMISSION, MAY 1983.</small> | | | | | | |
| <small>(2) CENSUS OF POPULATION AND HOUSING, 1990: SUMMARY TAPE FILE 3, REVISED APRIL 7, 1992.</small> | | | | | | |
| <small>(3) PROFILE OF ECONOMIC CHARACTERISTICS: CENSUS 2000.</small> | | | | | | |
| <small>(4) DESIGNATED AS "CONSTRUCTION, EXTRACTION & MAINTENANCE" IN THE 2000 CENSUS.</small> | | | | | | |
| <small>(5) DESIGNATED AS "PRODUCTION, TRANSPORTATION & MATERIAL MOVING" IN THE 2000 CENSUS.</small> | | | | | | |

As can be seen in Table 3.3, the number of self-employed or proprietorships continues to rise. The percentage of persons employed in government positions declined slightly from approximately 20.0% in 1980 to 17.5% in 2000.

TABLE 3.3
TYPE OF EMPLOYMENT FOR CULPEPER COUNTY, 1980- 2000

| <u>EMPLOYMENT</u> | <u>%TOTAL 1980¹ JOBS</u> | | <u>%TOTAL 1990² JOBS</u> | | <u>%TOTAL 2000 JOBS</u> | | <u>%CHANGE 1980 ~ 2000</u> |
|---|---|--------------|---|--------------|-----------------------------|--------------|--------------------------------|
| PRIVATE WAGE & SALARY WORKERS: | 6,921 | 71.5 | 9,915 | 73.3 | 11,831 | 72.6 | 70.9 |
| GOVERNMENT (TOTAL): | 1,935 | 20.0 | 2,464 | 18.2 | 2,903 | 17.5 | 50.0 |
| SELF-EMPLOYED/ PROPRIETORS: | 770 | 8.0 | 1,074 | 8.0 | 1,474 | 9.1 | 91.4 |
| AGRICULTURAL | 262 | -- | -- | -- | 607 | -- | |
| NON-AGRICULTURE | 508 | -- | -- | -- | 3,521 | -- | |
| OTHER³: | 52 | 0.5 | 71 | 0.5 | 77 | 0.5 | 95.4 |
| TOTAL | 9,678 | 100.0 | 13,524 | 100.0 | 16,825 | 100.0 | 68.3 |

(1)OCCUPATIONS IN VIRGINIA, 1980 CENSUS, TAYLOE MURPHY INSTITUTE FOR VIRGINIA OCCUPATIONAL INFORMATION COORDINATING COMMITTEE, VIRGINIA EMPLOYMENT COMMISSION, MAY 1983.
(2)CENSUS OF POPULATION AND HOUSING, 1990: SUMMARY TAPE FILE 3, REVISED APRIL 7, 1992.
(3)UNPAID FAMILY WORKERS OR DOMESTIC WORKERS IN PRIVATE HOMES.

Employment can also be further analyzed by industry type. Table 3.4 differentiates the total number of employed persons in Culpeper County with the type of industry in which they are employed and the percentage share of that industry in the total employment numbers. Data is provided for 1980, 1990 and 2000 in order to present historical growth patterns. The percentage change from 1980 to 2000 is used to identify growth trends.

TABLE 3.4
EMPLOYMENT CHARACTERISTICS, CULPEPER COUNTY

| | <u>1980 JOBS</u> | | <u>1990 JOBS</u> | | <u>2000 JOBS</u> | | <u>1980~ 2000</u> |
|---|------------------|------|------------------|------|------------------|-------|-------------------|
| <u>LABOR FORCE</u> | | | | | | | |
| TOTAL POPULATION: | 22,620 | -- | 27,791 | -- | 34,262 | -- | 51% |
| LABOR FORCE:% POP | 45.3 | -- | 50.8 | -- | 47.3 | -- | 58% |
| TOTAL EMPLOYED: | 9,678 | -- | 13,524 | -- | 16,384 | -- | 61% |
| TOTAL UNEMPLOYED: | 558 | -- | 594 | -- | 236 | -- | - 58% |
| % UNEMPLOYED: | 5.5 | -- | 4.2 | -- | 1.7 | -- | 6% |
| <u>EMPLOYMENT BY INDUSTRY:</u> | | | | | | | |
| <u>AGRICULTURE/</u> | | | | | | | |
| FORESTRY: | 797 | 8.2 | 841 | 6.2 | 483 | 3.0% | -39% |
| CONSTRUCTION: | 1,306 | 13.5 | 1,918 | 14.2 | 2,134 | 13.2% | 63% |
| <u>TRANSPORTATION, COMMUNICATION, & OTHER</u> | | | | | | | |
| PUBLIC UTILITIES: | 536 | 5.5 | 1,078 | 8.0 | 692 | 4.3% | 29% |
| <u>FINANCE/INS/REAL</u> | | | | | | | |
| EST: | 406 | 4.2 | 723 | 5.3 | 878 | 5.4% | 116% |
| MANUFACTURING: | 1,761 | 18.2 | 1,523 | 11.3 | 1,601 | 9.9% | - 9% |
| TRADE: | 1,582 | 16.3 | 2,461 | 18.2 | 2,435 | 15.0% | 54% |
| WHOLESALE: | 290 | -- | 503 | -- | 506 | 3.1% | 74% |
| RETAIL: | 1,292 | -- | 1,958 | -- | 1,929 | 11.9% | 49% |
| SERVICES: | 2,677 | 27.7 | 3,912 | 28.9 | 1,185 | 7.3% | -- |
| PUBLIC ADMIN/GOVT: | 596 | 6.2 | 1,001 | 7.4 | 1,279 | 7.9% | 115% |

The 2000 Census added several previously undefined industries that completes the listing for the table above. These industries are listed below:

| Industry Sector | Number | % of Total Jobs |
|---|--------|-----------------|
| Information Services | 528 | 3.3% |
| Professional, Scientific, Mgmt., Administrative & Waste Mgmt. | 1,761 | 10.9% |
| Educational, Health & Social Services | 2,558 | 15.80% |
| Arts, Entertainment, Recreation & Food Services | 751 | 4.60% |

Agriculture

Farm and forestal employment accounted for 483 jobs or 3.0% of all employment held by the residents of Culpeper County in 2000, a reduction of 357 jobs from 1990. In 1960, approximately 1,039 persons, or 19.6% of all employment, worked in farm or forestal activities. During that same time period, the number of farms decreased from 853 farms in 1960 to 492 farms in 1987. The 2002 Census of Farming indicates an increase to 669 farms. The number of acres being farmed decreased from 170,330 acres in 1960 to 121,198 acres in 1987. A slight increase in acreage in farms of 125,121 acres was recorded for 2002. Forestal employment, consisting of forestry or logging operations, also experienced growth, increasing from 22 workers in 1980 to 146 workers in 1987. The 2000 census data available at this time does not differentiate between forestal and agricultural employment but other sources indicate current forestal employment has not changed significantly.

The major sources of farm income in Culpeper are beef, dairy, crops such as corn, soybeans and grains; and the more intense horticultural uses such as the production of Christmas trees, mushrooms, wine grapes, fruits and vegetables, nursery, greenhouse and turf production. Although Culpeper is a rural community and agriculture is a vital part of the economic base, employment in agriculture as a percentage of all employment will continue to evolve toward the smaller parcel, intense operations. As industries move to the County to take advantage of land planned for industrial use as shown on the Future Land Use Map, employment may shift towards the manufacturing sector and to services required for them.

Construction

Construction related employment accounted for 2,134 jobs or 13.2% of all employment by residents of Culpeper County in 2000. In 1990, 1,918 jobs or 14.2 percent of all employment was construction related. In 1960, only 619 residents held jobs in construction or construction related activities. Construction, in the future, is expected to account for greater than 10% of all employment.

The increase in population and has resulted in the growth of companies that manufacture and supply components used in new housing construction. Culpeper is currently home to three companies that manufacture residential roof and floor trusses, door and window frames and other related housing products. These companies are likely to remain viable in Culpeper as long as there is significant new housing construction within this region. When transportation of products to other areas of significant residential growth become too costly, it is likely that these companies will look for locations closer to their markets.

Similarly, Culpeper has witnessed growth in smaller businesses that support new housing construction. Either as subcontractors to housing developers or as independent contractors, demand for these services are also likely to correspond with the amount of new housing construction. Additional demands for contractor services may also relate to owner driven housing modifications, additions and landscaping. Moreover, as the housing stock ages, demand for contractor's services for maintenance, remodeling, upgrades and repairs will likely increase in the future. Although, unlikely to be as much in demand as during the residential growth period, the increase quantity of the housing stock should provide a ongoing source of business for contractors.

Transportation, Communications, and Other Public Utilities

The number of County residents employed in transportation and related fields increased from 536 persons in 1980 to 1,078 persons in 1990 and decreased to 692 in 2000. In relation to all jobs held by Culpeper County residents, these job groups decreased from 8.0 percent in 1990 to 4.3% in 2000. It is anticipated that the level of employment in transportation, communication and other public improvements will remain constant over the next ten years.

Finance, Insurance, and Real Estate

Employment in finance and related fields rose slightly from 5.3% of all jobs held by County residents in 1990 to 5.4% in 2000. In 1990, there were 723 Culpeper County residents employed in finance and related fields, slightly less than the 878 in 2000. Employment in these fields may substantially increase from 2000 to 2010 as development occurs in the County.

Manufacturing

There were 1,601 Culpeper County residents employed by manufacturing enterprises in 2000. In 1990, there were 1,523 residents employed in manufacturing. Manufacturing in Culpeper has diversified over the years including employment in industries such as furniture manufacturing; fabricated metal products; paper and allied products; food and kitchen products; and apparel.

Manufacturing accounted for 18.2% of all jobs held by Culpeper County residents in 1980, 11.3 percent in 1990, 9.9% in 2000 a net loss of 9% appears to be slowing. The number of jobs available in manufacturing will probably increase over the next 10 to 20 years as more industries that require large tracts of land, such as warehousing, research and development, light manufacturing and heavy industry, locate into Culpeper County from more intensely developed suburban areas with higher land costs.

Montanus Trade Center and the Culpeper Industrial Airpark currently have building lots available with infrastructure in place to accommodate moderately sized industries wishing to locate into the area. There are several sites available for industrial development in Culpeper County including: Montanus Trade Center with approximately 72 acres, Culpeper Industrial Airpark with approximately 34 acres, Elleridge Industrial Park with approximately 54 acres, Willow Run Planned Business District with 100 acres, and Elkwood Downs with approximately 85 acres. There are other tracts of land dispersed throughout the County

currently zoned for industrial use as well. Development within these industrial areas will also facilitate the creation of new jobs in other industries such as construction, finance and services.

The following are major employers in Culpeper County.

| Business Name | Industry | # of Employees |
|---------------------------------|-----------------------------------|-----------------------|
| Manufacturing: | | |
| Stock Building Supplies | Pre-engineered Housing Components | 75 |
| Bingham & Taylor Corp. | Iron Castings & ABS Plastics | 100 |
| Culpeper Wood Preservers | Wood Products | 112 |
| Builders First Choice | Pre-engineered Housing Components | 200 |
| Continental Teves | Automotive Braking Systems | 218 |
| Rochester Corporation | Electrical & Fiber Optic Cables | 235 |
| Merillat Industries | Cabinets & Related Products | 302 |
| Communications Corp. of America | Communications products | <u>401</u> |
| | | 1,643 |
| Service: | | |
| Environmental Service Systems | Environmental Testing | 60 |
| Rappahannock Electric Coop. | Electric Power | 66 |
| Culpeper Baptist Retirement | Managed Care | 137 |
| Culpeper Health & Rehab. Center | Managed Care | 175 |
| S.W.I.F.T. | Financial Communications | 350 |
| WalMart | Retail Sales | 438 |
| Culpeper Regional Hospital | Medical Facility | <u>600</u> |
| | | 1,826 |
| Government: | | |
| Virginia State Police | ** | 150 |
| County of Culpeper | ** | 300 |
| VDOT District Office | ** | 300 |
| Culpeper Public School System | ** | <u>1000</u> |
| | | 1,750 |

RETAIL AND SERVICE BUSINESSES

As the population increases there will be increased demands for retail and service related businesses. Growth rates in these sectors may vary depending on the availability of capital. Larger operations, such as the Lowe's Home Improvement Center, are likely to vanguard this growth with smaller businesses providing the infill. Factors that might inhibit retail and service business growth include the availability of space suitable to support new businesses and new and evolving buying habits. To a large extent, the newer population still commutes to Northern Virginia and the Washington Metropolitan area for employment. A lag in the percentage of growth of retail sales compared to the percentage of population growth seems to indicate that the commuters are making purchases outside Culpeper County. This may be due to familiarity of shopping venues or a broader and/or more varied selection of goods and services at other locations. This particular trend should begin to abate as more and varied retail and service providers appear in the local market and a sense of place is embraced.

Trade

Trade related employment, wholesale and retail, has decreased from 16.3% of all jobs held by Culpeper County residents in 1980 to 15.0% in 2000. The number of jobs held in the trade industry decreased from 16.3% of all jobs or 1,582 positions in 1980 to 2,435 positions or 15.0 % of all jobs in 2000. Despite the decrease in percentage, this is a 54% increase in the number of jobs. Retail trade in Culpeper varies and includes sales of building and garden materials, general merchandising, food stores, auto dealers and service stations, apparel and accessories, furniture and home furnishings, eating and drinking establishments, and other miscellaneous retail establishments. The wholesale trade consists of enterprises involved in the provision of durable goods such as metal, glass and paper recycling; structural components; cabinet distributors, and non-durable goods such as commercial nurseries. Trade related employment should continue to account for 20 to 25 percent of all jobs held by Culpeper County residents.

Services

Service oriented jobs, as a percentage of all jobs held by the residents of Culpeper, rose from 6.0 percent or 301 positions in 1960 to 22.9% or 3,912 positions in 1990. As a percentage of all jobs in the County, the rate rose slightly from 27.7% in 1980 to 28.9% in 1990. Prior to the 2000 Census Service oriented jobs included a diversity of occupations such as housekeeping, childcare, hairdressers, police and health services. The 2000 Census delineated the Service sector to further include Information Services, Professional, Scientific and Management Services; Administrative & Waste Management; Educational, Health and Social Services; Arts, Entertainment, Recreation and Food Services as separate segments of the Service Sector as described below Table 3.5. Even with the fluctuations in the economy, the service industry over the next twenty years will probably account for 25 to 30 percent of all jobs held by the residents of Culpeper.

Public Administration and Government

Public administration and government employment accounted for 20.0% of all jobs held by residents of Culpeper County for 1980 and 17.5% of all jobs in 2000. The data, beginning with the 1980 census, distributed the majority of government employees in the data set into their respective industries (i.e. finance, transportation, and service for example). Table 3.4 provides a detailed analysis of the number of Culpeper County residents employed in public administration or government positions. Based on the data in Table 3.4, the percentage of government employees has remained fairly level. The percentage of jobs in public administration and government should hold constant over the next twenty years.

PERSONAL INCOME

The personal income of Culpeper County is defined as the income received by all residents of the County from all sources (less personal contributions for social security insurance). Per capita personal income is the personal income of the County divided by the total residential population of the County. Table 3.5 shows the per capita income of Culpeper County compared to the per capita income for Virginia, the United States and Northern Virginia from 1980 to 2000.

TABLE 3.5
PER CAPITA INCOME COMPARISON FOR CULPEPER COUNTY, 1980 –2000

| Per Capita Income: | 1980 | % of U. S. Avg. | 1990 | % of U. S. Avg. | 2000 | % of U. S. Avg. | % Change 1980 - 2000 |
|------------------------|-------|--------------------|--------|--------------------|--------|--------------------|-------------------------|
| U. S. | 9,919 | ** | 19,572 | ** | 29,760 | ** | 200% |
| Virginia | 9,827 | 99% | 20,527 | 105% | 31,210 | 105% | 218% |
| Culpeper County | 8,708 | 88% | 18,426 | 94% | 28,144 | 95% | 223% |

Culpeper County's per capita income was \$28,144 in 2000. This reflects an average annual growth rate of 5.3% between 1990 and 2000. The per capita income for Virginia between 1990 and 2000 increased from \$20,527 to \$31,210, an average growth rate of 5.2%. The per capita income for Virginia was 10.9% or \$3,066 higher than the per capita income for Culpeper County in 2000.

The per capita income of the United States was \$29,760 in 2000, 5.7% higher than the per capita income of Culpeper County.

TAX BASE

Culpeper County levies two types of taxes, real estate and personal property. The personal property tax has four components or rates: real and personal property of public service corporations; manufacturers machinery and tools, and personal property which includes motor vehicles and motorcycles, large trucks, tractors and tractor trailers, boats and motors, airplanes, trailers, campers and motor homes, and business equipment (see Table 3.6).

Culpeper County does not require merchants' license taxes or professional occupational taxes. The County does levy a utility tax on electric service, (exclusive of the Town Power Company) and telephone service. The utility tax on purchasers of electric service is charged monthly at a residential rate of \$0.14953 per kilowatt hour with a minimum of \$1.40 and a maximum of \$3.00 and a business or industrial rate of \$0.14658 per kilowatt hour with a minimum of \$2.29 and a maximum of \$ 10.00. The utility tax on purchasers of local telecommunication service is charged monthly at a residential rate of 20 percent of the first \$15.00, not to exceed \$3.00 and a commercial and industrial rate of 20 percent of the first \$50.00, not to exceed \$10.00. The utility tax on mobile telecommunication service is charged monthly at a rate of 10 percent of the first \$30.00 not to exceed \$3.00. The County also imposes a \$25.00 motor vehicle fee for a County sticker for automobiles and trucks and a \$15.00 fee for motorcycles. There is also a \$10.00 motor vehicle fee for unlicensed vehicles. Taxes collected form the general revenue fund from which the Culpeper County operates. Additional monies are collected from State taxes such as the gasoline tax, income tax and sales tax. These funds are usually earmarked for programs such as education. In addition, the County does not directly receive money from the gasoline taxes. They are earmarked for roads and/or road maintenance and administered by the Virginia Department of Transportation. Culpeper County, through the Commissioner of Revenue, administers land use value taxation. The purpose of this program is to encourage agricultural and forestal enterprises within the County and provide a basis for tax relief for land use. In 2003, there were approximately 153,249 acres of agricultural and forestal land, or 62.8% of all land in the County, enrolled in the land use program. The Commissioner of Revenue also administers a

real estate tax relief program for senior citizens and disabled homeowners. Both of these programs are the result of Culpeper County Ordinances.

TABLE 3.6
CULPEPER COUNTY TAX RATE COMPARISON
FOR 1973, 1991, 1999 & 2000

| Type of Tax: | Rate per \$100 | | | |
|----------------------------|----------------|---------------|---------------|--------------|
| | 1973 | 1991 | 1999 | 2004 |
| Real Estate | \$ 3.00 | \$ 0.89 | \$ 0.74 | \$ 0.81 |
| Personal Property | \$ 3.00 | \$ 6.25 | \$ 6.25 | \$ 2.50 |
| Machinery & Tools | \$ 3.00 | \$ 5.00 | \$ 5.00 | \$ 2.50 |
| Merchants Capital | \$ 1.00 | \$ 2.25 | \$ 2.25 | \$ 0.00 |
| Mobile Homes | \$ 3.00 | \$ 0.89 | \$ 0.74 | \$ 0.81 |
| Public Service Corporation | \$3.00/\$3.00 | \$0.89/\$6.25 | \$0.74/\$6.25 | \$2.5/\$0.81 |

CULPEPER REGIONAL AIRPORT

The Culpeper Regional Airport has been a critical and unique component of the County's integrated transportation system and, therefore, important to economic development efforts. Recent physical improvements to the airport as well as future planned improvements, are likely to enhance the role of air transportation and airport facilities as key elements in attracting and maintaining major business in Culpeper. The extension of the runway from 4,000 feet to 5,000 feet was an essential transformation to allow far greater use of the airport by business aircraft and, potentially, commercial aircraft. Airports with runways under 5,000 feet are generally viewed by corporations as being too small to support on going operations. Moreover, many insurance companies refuse to allow their insured aircraft to land on runways less than 5,000 feet unless an emergency exists. At its expanded length, the Culpeper Regional Airport can now readily support small and large corporate aircraft.

Other improvements to the airport, including repaving of existing surfaces, expanded apron areas, increased hangar space and upgrades to the navigational systems all promote the Culpeper Regional Airport as a modern air transportation facility. Future plans to modernize the terminal, the addition of restaurant facilities and the expansion of fixed based operator services will continue to enhance the value of the airport to the community.

In its improved configuration, the Culpeper Regional Airport has significantly increased its potential as a key element of the County's economic development strategy by an order of magnitude. The possibility of attracting a major aviation company or manufacturer is now a reality. Surrounding land use and infrastructure development should therefore take into account the possibility of expanding airport facilities.

In the future, smaller regional airports such as Culpeper Regional Airport may also be important to commercial and passenger air service. As large airports experience greater congestion and delays, and the cost and time for ground transportation, and parking increases, regional feeder airports begin to become a more cost effective alternative. Similarly, airport screening and other security measures can be enhanced and made more

efficient through a system of decentralized points of entry. There are ongoing discussions regarding the feasibility of establishing third tier commercial air service consisting of smaller aircraft connecting regional airports to hub airports. The Culpeper Regional Airport could, with certain additional improvements, participate as a regional feeder airport. Because of its central location and available facilities the Culpeper Regional Airport could also serve as a base of operations and/or maintenance facility for a regional commuter airline.

NATIONAL AUDIO-VISUAL CONSERVATION CENTER

In August 2003, the Packard Humanities Institute (PHI), the Library of Congress and the Architect of the Capital announced the start of construction on Phase 1 of a two-phase construction project at Mount Pony that will transform the former Federal Reserve facility into the new National Audio-Visual Conservation Center (NAVCC) operated by the Library of Congress. PHI is building the state-of-the-art facility for film and recorded sound preservation. Ownership of the facility will be transferred to the Architect of the Capital upon completion of construction.

NAVCC will enable the Library of Congress for the first time to consolidate its existing collections in a single centralized facility that also provides space sufficient to house projected collection growth for the next 25 years. The preservation laboratories are being designed to significantly increase preservation for all audio-visual formats. The Center will include a digital preservation system that will preserve and enable research access to both newly acquired “born digital” content and digitized analog legacy formats. NAVCC will also enable the Library of Congress to significantly expand its existing operations and implement new, national-level service innovations. In addition to the core mission of preserving and providing access to the Library’s own collections, the new facility will enable the Library to broaden these services to outside customers and partners in both the public and private sectors.

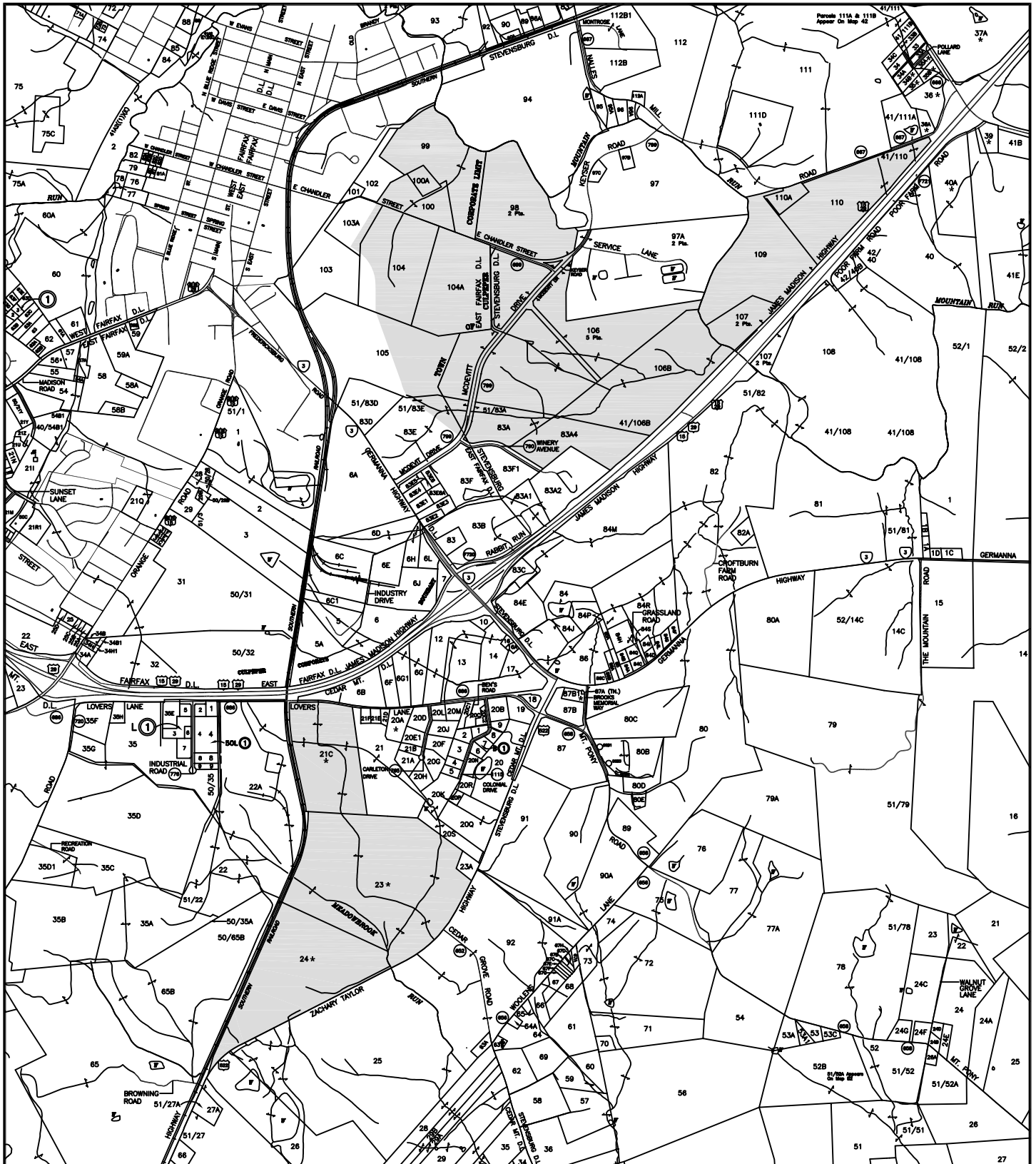
NAVCC will have a significant impact on the Culpeper economy. The direct impact of 140 new jobs – many of which will have salaries that exceed the county’s median wage rate, will be immediately apparent. The indirect impact is likely to include visiting scholars, experts and commercial enterprises in the field of audio-visual preservation, as well as, the general public with interest in the films and recordings. There is also the likely possibility that related private business interests may find proximity to a national research and preservation facility as an appealing reason to locate in Culpeper.

ECONOMIC DEVELOPMENT INCENTIVES / TECHNOLOGY ZONES

Culpeper County recognizes the importance of being competitive to attract desirable economic development. To that end a local tax incentive program has been developed which assists industry with the cost of work force training. Other incentives should also be considered. Some can be developed on a case-by-case basis tailored to the needs of a particular prospective business. Other incentives exist in the form of state or federal programs. One example of a federal program is the HUB Zone, which provides advantages to businesses which are located in and have employees living within designated HUB Zone

areas. An example of a local initiative which should be considered would be the establishment of a multi-user rail siding. Establishing a rail siding which could be utilized by both existing and future businesses in Culpeper County could provide a cost-effective alternative to long distance trucking, which could be advantageous. Such an approach could reduce local truck traffic, provide a less expensive means of moving freight for Culpeper businesses, and provide an attractive benefit to market to potential industries considering locating in Culpeper.

Section 58.1 – 3850 of the Code of Virginia authorizes localities to create a technology zone. Culpeper County recognizes that development of our industrial tax base requires incentives, and determines that one method of offering incentives is to create a technology zone, or technology overlay district. Such criteria should be set forth in a county ordinance. A technology zone should improve the economic conditions of Culpeper County which would benefit the welfare of the citizens of the county. The establishment of technology zones should be coordinated closely with the Town of Culpeper, and should be harmonious with, not competitive with, other incentive programs. The proposed general locations for technology zones is presented on the following maps (3.A, 3.A1).

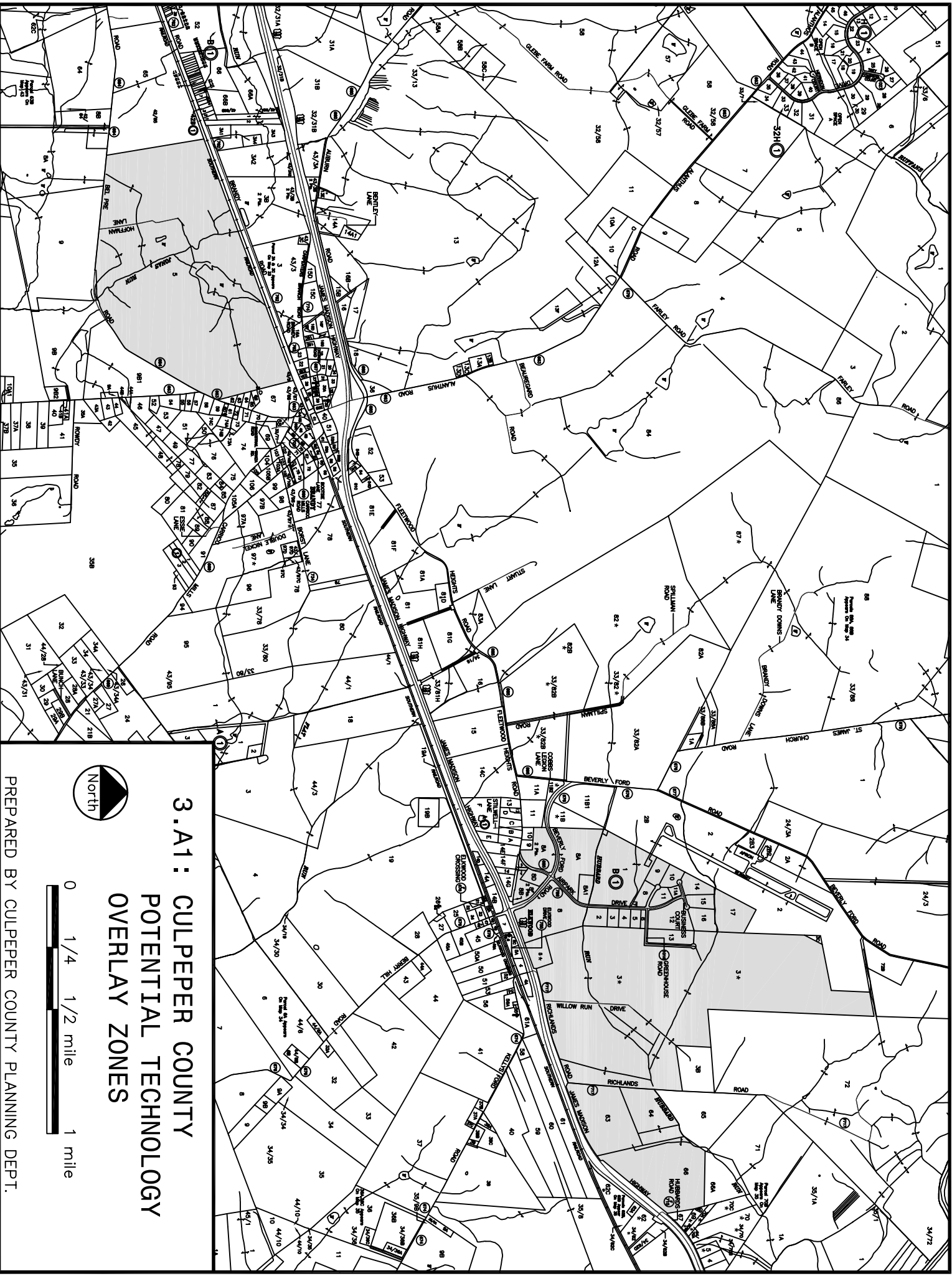


3.A: CULPEPER COUNTY POTENTIAL TECHNOLOGY OVERLAY ZONES



0 1/2 mile 1 mile 1 1/2 mile

PREPARED BY CULPEPER COUNTY PLANNING DEPT.



3.A1: CULPEPER COUNTY POTENTIAL TECHNOLOGY OVERLAY ZONES

0 1/4 1/2 mile 1 mile

PREPARED BY CULPEPER COUNTY PLANNING DEPT.